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SUBJECT: LUZHKOVS TALKS BIG ON U.S.-RUSSIAN COOPERATION TO
COUNTER THREATS

REF: A. MOSCOW 455

[B](#). MOSCOW 401

Classified By: Ambassador John R. Beyrle; reasons 1.4(b/d).

[1](#). (C) Summary: During his introductory call on Moscow Mayor Luzhkov February 26, Ambassador was treated to a tour d'horizon of global challenges - from the Mayor's lofty perspective - confronting Russia: the rise of China and its aspirations for regional power, the potential for conflict arising from countries contending for access to fresh water, and the need for proper stewardship of agricultural resources and technological innovation in order to meet basic needs of a growing global population. True to his maverick reputation, Luzhkov lambasted the Russian government's response to the economic crisis as divorced from the real economy, for failing to promote the creation of jobs, and from effectively channeling funds to entrepreneurs for investment in Russia. He welcomed closer ties with the U.S. and American cities, noting that he hopes U.S. companies will participate in forthcoming business fora in Moscow, and that Washington D.C. Mayor Fenty will travel to Moscow in the spring. End Summary.

"We Want to Be Your Friend"

[2](#). (C) Opening a wide-ranging conversation in an ornate chamber of City Hall adorned with portraits of Russian tsars, Moscow Mayor Luzhkov warmly welcomed Ambassador February 26. Ambassador thanked Luzhkov for the assistance his administration provided, notably the extra security during the autumn 2008 mass protests in front of the embassy. Ambassador emphasized the strong desire of the new U.S. administration to work with Russia on issues of mutual responsibility, including post-START arrangements, as well as on enhancing commercial ties and coordinated work to combat terrorism and other global challenges. He recalled the contacts Moscow has with Washington, New York and Chicago and offered to facilitate, if necessary, ties with other U.S. cities.

[3](#). (C) Luzhkov reminisced over his relations with U.S. ambassadors during his more than 25 years in city government, and expressed confidence that constructive relations between Russia and the U.S., and between Moscow and the Embassy, would continue under the Ambassador. He noted that he had escorted then First Lady Clinton during President Clinton's 1995 visit to commemorate the 50th anniversary of the end of WWII. Though he expressed confidence that the President and Secretary would be able to rebuild trust in bilateral relations, he cautioned that the process would be long. The Cold War has yielded to a "cold wave" in relations which will require changes in U.S. policies and actions if real progress is to be made in addressing the challenges the Ambassador outlined. In spite of this anti-Americanism, and in spite of leaders' inward focus during the global crisis, Russian

leaders and Russian people "want to be friends with the U.S." and to cooperate on the major contemporary challenge.

Beware of China

¶4. (C) As an example, Luzhkov expounded on the comprehensive threat that China represents to Russia. Citing former Secretary Rice's concerns that China is developing military capabilities that exceed the threats it actually faces, he voiced the perennial Russian fear that a more powerful China, emboldened by the relative weakness of neighbors like Russia and facing internal social tensions, might use military force to secure more land and resources for its population. Luzhkov painted a dark picture of an expansionist China drawing on "its culture of strict discipline and national superiority, as well as support from a globally dispersed diaspora" to constitute a serious threat to both Russia and the U.S. The Ambassador noted that securing China's integration into the global economy, including adherence to international norms and laws, was a major strategic challenge for both Russia and the U.S. Secretary Clinton's early visit to Beijing underlined our desire for continued constructive Chinese participation in global economic and political decision-making structures. Luzhkov was skeptical; China would play along in the short-term, he argued, but would abrogate agreements and cease compliance with international norms when it suited its interests.

¶5. (C) Luzhkov noted that he does not have close ties with his counterpart in Beijing. He had declined to attend the 2008 Summer Olympics because he feared (correctly, he added)

MOSCOW 00000500 002 OF 003

that the festivities would be exploited to support "Chinese fanaticism." Commercial ties between the two capital cities are weak, not branching much beyond reciprocal building projects in each city. He cited his close ties with Central Asian leaders, including "brotherly" relations with Kazakh President Nazarbayev, as tokens of his fair-mindedness in questioning Chinese long-term goals in the region and as a rationale for closer cooperation, including with the U.S., to check Beijing's ambitions. Returning to his opening remarks, Luzhkov said Russia and the U.S. must become friends in such a way that they do not alarm China, all the while knowing that one of the purposes of the closer relationship is to ensure that China does not take further steps to threaten them both.

¶6. (C) Warming to his strident nationalism that still attracts supporters throughout Russia and in former Soviet countries, Luzhkov stressed his firm belief that Russia, while a "Eurasian" country, is oriented economically, politically and culturally toward the west, not the east. Its geographic position, and the centuries that Russians lived under occupation by eastern peoples, had left an indelible legacy which enables Russians to better understand their neighbors. Russians, together with the Kazakhs and the Azeris, share this perspective, in Luzhkov's philosophy.
Water and Biofuels

¶7. (C) Luzhkov then veered into a discussion of the theme of his most recent book - availability of, access to and efficient use of fresh water. Luzhkov proudly cited data that 24 percent of the world's fresh water supply is located within Russia (thereby giving the Chinese yet another reason to consider trying to take possession of Russian territory, or at least control it). He argued for one of his favorite projects - changing the northerly flow of Russian rivers (of fresh water) to a southerly direction, thereby enabling Russia to use the water to irrigate and to supply water to Central Asian countries in need of water.

¶8. (C) Luzhkov argued that through careful use of these resources, the world could raise additional food to feed the

hungry. He criticized the U.S. for having diverted corn stocks into the production of ethanol, thereby contributing to grain shortages and increases in global food prices. He touted his own plan in Moscow to produce biofuel from hay, making use of this waste produce while not reducing stockpiles of grain. In response to Ambassador's suggestion that new technologies, especially in the field of genetically modified organisms, could help alleviate food shortages, facilitate greater production of biofuels and also decrease the requirement for fresh water, Luzhkov criticized the U.S. for moving too quickly in the direction of GMO without giving researchers time to conclusively assess safety.

¶9. (C) Luzhkov noted that he has for several years brought together businessmen, scientists and government officials from Russian and neighboring countries to discuss this constellation of subjects. He said he would welcome participation by U.S. experts. Trying to manage a city of 10 million people which, according to Luzhkov's figures, requires 5 million cubic meters of water per day, but which is located in a region (the Central Federal District) with chronic water shortages is a major concern for him. It is his primary responsibility, he declared, to ensure that all Muscovites have food/water, shelter/heat and secure/safe environment in which to live. The city spends a great deal of its own resources on ensuring the first two, especially for less fortunate groups in society, such as pensioners. The city has to think ahead and find new ways to meet these physical and financial challenges.

Crisis Response: GOR Could Be Doing A Lot More

¶10. (C) Seizing on this momentary detour back to the here and now, Ambassador asked for Luzhkov's assessment of the impact of the economic crisis on Moscow, and of GOR steps to combat the crisis in general. Luzhkov indignantly rejected the Ambassador's suggestion that Finance Minister Kudrin had thus far acted prudently. He argued that GOR resources devoted to mitigating the effects of the crisis on the financial sector and in defense of the ruble had either been wasted or had enabled banks to speculate by purchasing foreign currency and then cashing in on the ruble's devaluation (Ref A). This had just led to inflation even while demand was dropping. He praised the U.S. strategy of channeling funds to key industries in order to save jobs as well as to stimulate demand. Low interest rates in the U.S. gave businesses the

MOSCOW 00000500 003 OF 003

means to expand their operations by removing the issue of whether they could afford the credit. In Russia the high rates of interest charged by banks were intended to dissuade investors from borrowing, freeing up capital to be transferred abroad. Luzhkov proceeded to tick off mistakes made by the U.S. in management of its own and the global economies, including the U.S. decision to drop the gold standard (in 1971!). While perhaps logical when adopted, time has shown them to have had disastrous consequences for the economies of the world. Ambassador responded that a good debate could be enjoined on these many subjects, but what is key is that the U.S. and Russia, through the G-8 and G-20, work closely to address the current crisis.

City-to-City Ties

¶11. (C) Luzhkov closed by returning to the matter of deepening ties with U.S. cities. He said he expects to dedicate a statue of Walt Whitman on the campus of Moscow State University in May, and that he would welcome the presence of Washington D.C. Mayor Fenty at the occasion. (Note: Luzhkov was invited to the dedication of a statue of Pushkin on the campus of George Washington University, but was unable to attend.) He said he looked forward to the visits of U.S. leaders to Moscow, and that he and his government were intent on helping the embassy when and how

they could.

Comment

¶12. (C) Luzhkov was at his feisty best in this meeting. He was blunt, true to his nationalist, populist reputation, offering criticism of both the U.S. and Russian policies. His emphasis on growing threats to Russia from China parallel those of other "senior" Russian officials of his generation, including former PM (and Luzhkov political ally) Yevgeniy Primakov (Ref B). Luzhkov's concerns that Russia's response to the economic crisis is ill-conceived and poorly implemented no doubt reflect the difficulties that he (and his billionaire wife) face in maintaining access to the flows of credit essential to continue Moscow's 7-year building boom. For the time being, he remains solidly in charge of Moscow and able to communicate via the media his views, not just in Moscow, but beyond. But like so many of Russia's power brokers, even those who enjoy great popular support, Luzhkov knows his ultimate limits are defined by Medvedev and Putin.

BEYRLE